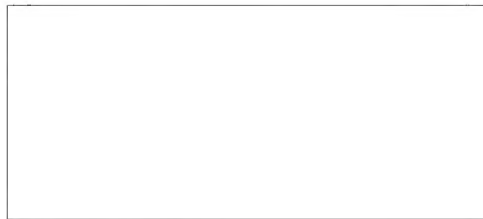




**Director of
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National Intelligence Daily (Cable)

22 May 1982

State Dept. review completed

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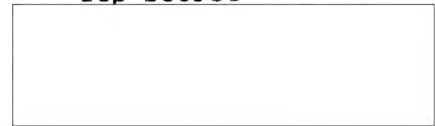
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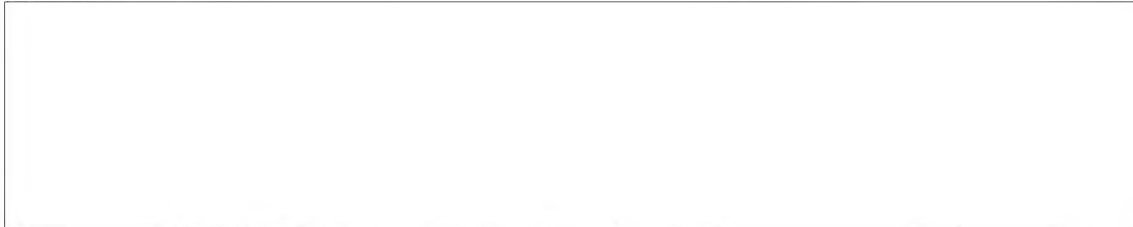
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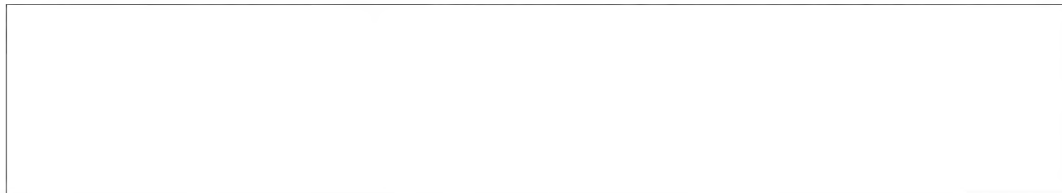
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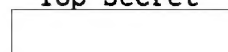
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ROMANIA: New Ministers Appointed

President Ceausescu's sweeping government changes yesterday will strengthen his control over the bureaucracy but will not help solve economic problems. [redacted]

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Ceausescu sacked Prime Minister Verdet, Foreign Trade Minister Burtica, and all eight deputy prime ministers. Verdet, an expert in the economy and close adviser to Ceausescu for over 15 years, has been replaced by Constantin Dascalescu, a 62-year-old party secretary previously in charge of party organizational affairs.

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Burtica, who has supported close economic ties with the West, is being replaced by former Deputy Prime Minister Nicolae Constantin, Romania's representative to CEMA. Two of the four new deputy prime ministers have never held senior government posts. [redacted]

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Comment: These changes are unlikely to have any substantial impact on policy. Ceausescu makes all decisions himself and resists reforms needed to stimulate the economy and to control the country's massive foreign debt. [redacted]

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//Ceausescu often has made similar changes to assure total subservience from insecure new officials. Verdet and Burtica have acted independently in the past and may have criticized Ceausescu's failing economic programs.//

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By replacing Burtica with a minister who has specialized in trade with the East, Ceausescu may be sending a signal to the West. The President may believe that, because the West has been reluctant to provide credits to Romania, he has to expand economic ties with the East. [redacted]

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Many of the dismissed government officials also hold high-level positions within the Communist party, and changes in the party leadership are likely to follow soon. [redacted]

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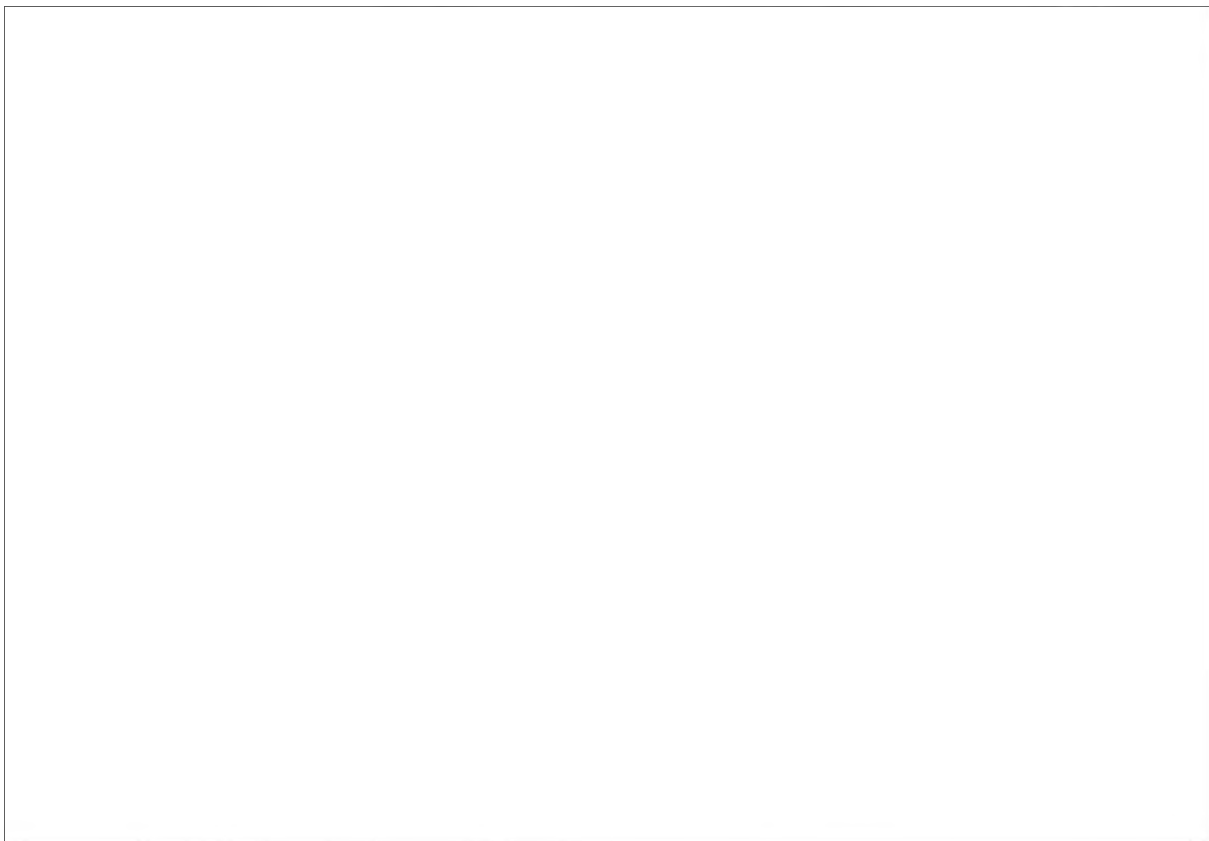
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EL SALVADOR: Changes in Reforms

The constituent assembly this week passed a bill initiated by President Magana that limits continued distribution of rented lands. Assembly leaders have assured the peasants, however, that all past and pending claims to land will be honored and that revisions in reform laws will not reverse the process begun by the coup of October 1979. The private sector and government conservatives believe that revisions of existing land reforms--as well as changes in banking and export laws--are necessary to rejuvenate the economy. [redacted]

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Comment: Such revisions are likely to take some time. Sweeping changes--although apparently not contemplated at this stage--probably would further unsettle El Salvador's foreign benefactors and might delay vitally needed economic and military aid. The land reform changes announced thus far will give leftwing extremists a propaganda tool that they are certain to exploit at home and abroad. [redacted]

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SOUTH KOREA: Cabinet Changes

//President Chun dismissed half of his 22-man cabinet yesterday in an effort to restore public confidence in the government following a major financial scandal. According to a presidential spokesman, Chun holds the Deputy Prime Minister and the Minister of Finance responsible for the scandal but is keeping them on to put the country's finances back in order. Chun replaced the Minister of National Defense, whom the military had long considered ineffective, with a respected career Army general. Chun also named two retired Army officers to assume the transportation and government administration portfolios.//

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Comment: //Most ministers affected had no apparent connection with the scandal. The official report on the matter, which is to be released this weekend, is key to improving the government's image.//

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OPEC: Quotas Unchanged

OPEC oil ministers announced yesterday, at the conclusion of their meeting in Ecuador, that the production ceiling for crude oil of 17.5 million barrels per day established in March would not be changed. The ministers are divided, however, on how much longer production quotas should be maintained. Saudi Arabia and the United Arab Emirates oppose the continuation of production restrictions after demand for OPEC oil recovers later in the year. The conference reaffirmed the freeze on the price of the OPEC benchmark crude at \$34 per barrel.

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Comment: It would have been premature to increase quotas at this time. Attempts to sell large additional quantities of crude over the next month or so would tend to drive prices down again because companies are still unloading excess stocks. Once the stock adjustment is complete, probably during the third quarter of this year, demand for OPEC oil should increase by as much as 3 million to 4 million barrels per day. At that time, OPEC members almost certainly will ignore any quotas and produce more oil.

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SPAIN: Election in Andalusia

The Socialist Party is anticipating a strong showing in the regional election in Andalusia tomorrow. The latest polls predict the Socialists will receive nearly one-half the regional vote, against less than 20 percent for Prime Minister Calvo Sotelo's Center Democratic Party, somewhat over 10 percent each for the Andalusian Socialist Party and rightist Popular Alliance, and well under 10 percent for the Communists. Andalusia--Spain's largest region--has traditionally leaned to the left, but the Socialists are running nearly 50 percent better there than they did in the national election in 1979.

Comment: //If the polls are on target, victory in Andalusia could aid the front-running Socialists in national elections this year and vindicate party leader Felipe Gonzalez's moderate policies. If Calvo Sotelo's party received much below 20 percent of the vote, its unity would be strained and national elections would probably be held in the fall--well ahead of next spring's deadline. A 6- to 7-percent showing for the Communists in a strongly leftist area with high unemployment would be a major setback for party chief Carrillo. He probably would retain his post, but pro-Soviet opponents of his Eurocommunist line would be encouraged in their efforts to form a rival Communist party.//

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